

IN THE UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF OREGON

GOOGLE, INC., a Delaware  
corporation,  
  
Plaintiff,  
  
vs.  
  
TRAFFIC INFORMATION, LLC, a Texas  
corporation,  
  
Defendant.

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Case No. CV09-642-HU  
FINDINGS AND  
RECOMMENDATION

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4 HUBEL, Magistrate Judge:

5 This is an action brought by Google, Inc. (Google) against  
6 Traffic Information, Inc. (Traffic), seeking a declaration of  
7 noninfringement or patent invalidity of two patents owned by  
8 Traffic (the '862 Patent and the '606 Patent, collectively the  
9 Traffic Patents). Google alleges that in the course of patent  
10 litigation against T-Mobile and other defendants, Traffic has  
11 asserted that Google Maps infringes the Traffic Patents. Google  
12 alleges that it has an objectively reasonable apprehension<sup>1</sup> that  
13 Traffic will bring a patent infringement action asserting that  
14 Google's Maps traffic feature infringes the Traffic Patents.

15 Traffic moves to dismiss for lack of subject matter  
16 jurisdiction or, alternatively, to transfer the case to the Eastern  
17 District of Texas, where Traffic has filed several other actions  
18 claiming infringement of the Traffic Patents.

19 **Factual Background**

20 This action was triggered after Traffic told Google's business  
21 partner, T-Mobile, that Google's software product, Google Maps for  
22 Mobile (GMM) infringes the Traffic Patents when used on a T-Mobile  
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24 <sup>1</sup> In MedImmune v. Genentech Inc., 549 U.S. 118 (2007), the  
25 Supreme Court rejected the "reasonable apprehension of suit"  
26 prong of a two-part test for jurisdiction under the Declaratory  
27 Judgment Act in patent cases that had been applied in the Federal  
Circuit. Sandisk v. STMicroelectronics, Inc., 480 F.3d 1372, 1379  
(Fed. Cir. 2007).

1 cell phone. At the time, Traffic and T-Mobile were engaged in  
2 litigating a patent infringement case brought by Traffic against T-  
3 Mobile in the Eastern District of Texas. The assertion was made in  
4 an e-mail to T-Mobile's attorney that Traffic marked "confidential"  
5 and "for settlement purposes only, subject to FRE 408." T-Mobile  
6 disclosed the contents of the e-mail to Google. Traffic asserts  
7 that it did not consent to any disclosure of this communication,  
8 and that T-Mobile never told Traffic it was going to, or had, made  
9 the disclosure to Google.

### 10 **Standard**

11 In an action brought under the Declaratory Judgment Act, 28  
12 U.S.C. § 2201(a), the standard for determining whether the action  
13 is justiciable is whether the facts alleged, under all the  
14 circumstances, show that there is a substantial controversy, between  
15 parties having adverse legal interests, of sufficient immediacy and  
16 reality to warrant the issuance of a declaratory judgment.  
17 MedImmune, 549 U.S. at 127. In SanDisk, the Federal Circuit  
18 concluded, in light of the MedImmune decision rejecting the  
19 "reasonable apprehension of suit" test, that "Article III  
20 jurisdiction may be met where the patentee takes a position that  
21 puts the declaratory judgment plaintiff in the position of either  
22 pursuing arguably illegal behavior or abandoning that which he  
23 claims a right to do." 480 F.3d at 1381. In Teva Pharms. USA, Inc.  
24 v. Novartis Pharms. Corp., 482 F.3d 1330, 1339 (Fed. Cir. 2007), the  
25 Federal Circuit held that an actual controversy, in the context of  
26 the Declaratory Judgment Act,

1 requires only that a dispute be "definite and concrete,  
2 touching the legal relations of parties having adverse legal  
3 interests; and that it be real and substantial and admi[t] of  
4 specific relief through a decree of a conclusive character, as  
distinguished from an opinion advising what the law would be  
upon a hypothetical set of facts." (Quoting Medimmune, 549 U.S.  
at 127).

### 5 Discussion

#### 6 1. Motion to dismiss

7 Traffic asserts that a "confidential" communication between  
8 Traffic and T-Mobile fails to satisfy the "definite and concrete"  
9 requirement of justiciability, arguing that Google's allegation in  
10 the complaint of "reasonable apprehension" has to be grounded on  
11 some act by Traffic directed at Google. Traffic cites SanDisk, 480  
12 F.3d at 1380-81 ("jurisdiction generally will not arise merely on  
13 the basis that a party learns of the existence of a patent owned by  
14 another or even perceives such a patent to pose a risk of  
15 infringement, without some affirmative act by the patentee.")  
16 Traffic argues that in this case, Google's apprehension of suit was  
17 caused by T-Mobile's disclosure of information Traffic considered  
18 confidential, not by any affirmative act by Traffic, and therefore  
19 that Google's apprehension is not "fairly traceable" to Traffic.  
20 Traffic cites Prasco, LLC v. Medicis Pharm. Corp., 537 F.3d 1329,  
21 1335 (Fed. Cir. 2008) (case or controversy must be based on injury  
22 that is "caused by the defendants"). See also Dep't of Commerce v.  
23 U.S. House of Representatives, 525 U.S. 316, 332 (1999) ("traceable  
24 connection" between facts forming basis for declaratory relief and  
25 threatened harm to plaintiff).

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1 Google counters that Traffic has made a strategic decision to  
2 sue Google's customers who use GMM on T-Mobile cell phones, rather  
3 than confront Google directly, and that Google filed this action to  
4 prevent Traffic from initiating piecemeal litigation in Texas  
5 against each GMM business partner.

6 Google points out that Traffic does not deny its claim against  
7 T-Mobile that GMM infringes the Traffic Patents, and does not deny  
8 that the claim is "traceable" to Traffic. In response to Traffic's  
9 assertion that there is no justiciable harm to Google merely because  
10 Traffic "whisper[s] in the ears of Google's business partner,"  
11 Google cites the court to Arrowhead Indus. Water Inc. v. Ecolochem,  
12 Inc., 846 F.2d 731, 735 n. 4 (Fed. Cir. 1988) (fact that a statement  
13 was "nonpublic" is irrelevant when patent holder does not deny its  
14 belief that defendant was infringer).

15 Google argues that there is no unfairness to Traffic in using  
16 the e-mail as a basis for a declaratory judgment lawsuit, because  
17 the e-mail was unilaterally labeled as confidential by Traffic, and  
18 there is no confidentiality agreement between Traffic and T-Mobile.  
19 Google contends that Rule 408 of the Federal Rules of Civil  
20 Procedure is not a confidentiality provision and does not provide  
21 a blanket exclusion of any use of information designated as a  
22 settlement communication. Google relies on the SanDisk rejection of  
23 the argument that materials marked as Rule 408 communications during  
24 licensing negotiations could not be used to establish  
25 justiciability:

26 To avoid the risk of a declaratory judgment action,  
27 [defendant] could have sought [plaintiff's] agreement to the

1 terms of a suitable confidentiality agreement. The record  
2 before us reflects that the parties did not enter into such an  
3 agreement. Rather, [defendant] sought to condition its open  
4 licensing discussions and the infringement study on adherence  
5 to [Rule] 408. That rule expressly relates to evidence of  
efforts toward compromising or attempting to compromise a  
claim in litigation and does not prevent [plaintiff] from  
relying on the licensing discussions and infringement study to  
support its claims.

6 480 F.3d at 1375. Google points out that Rule 408 provides for the  
7 confidentiality of settlement negotiations "when offered to prove  
8 liability for, invalidity of, or amount of a claim that was disputed  
9 as to validity or amount, or to impeach through a prior inconsistent  
10 statement or contradiction," but does not bar such evidence when  
11 "offered for [other] purposes ... [such as] proving a witness's bias  
12 or prejudice." Google argues that using the e-mail to establish a  
13 threat sufficient to satisfy the jurisdictional requirements for  
14 declaratory relief is "perfectly acceptable under Rule 408," quoting  
15 Dean Rhoades v. Avon Products, Inc., 504 F.3d 1151, 1161 (9<sup>th</sup> Cir.  
16 2007).

17 In reply, Traffic argues that SanDisk supports Traffic's motion  
18 because the Federal Circuit held in that case that the risk of a  
19 declaratory judgment action could be avoided through a  
20 confidentiality agreement. 480 F.3d at 1375 n. 1. I do not find this  
21 argument persuasive because the record in this case contains no  
22 evidence even of an implied confidentiality agreement between T-  
23 Mobile and Traffic. There is nothing inherently confidential about  
24 a statement accusing a third party's product of patent infringement.  
25 Traffic should reasonably have anticipated--and perhaps even  
26 intended--that its claim of infringement by Google's product would

1 be communicated to Google--how better for T-Mobile to refute  
2 Traffic's infringement claim than by seeking Google's help in  
3 explaining GMM? The communication was an affirmative act fairly  
4 traceable to Traffic; the fact that the email was marked  
5 "confidential" does not affect the justiciability analysis.

6 Traffic acknowledges that it has recently filed a large number  
7 of actions alleging infringement of the Traffic Patents. According  
8 to the Declaration of Kevin Russell, one of the lawyers for Traffic,  
9 five patent actions have been filed by Traffic in the Eastern  
10 District of Texas, Marshall Division, for infringement of one or  
11 both of the Traffic Patents, three of which are still pending:  
12 Traffic Information, LLC v. American Honda Motor Co. et al., 07-391-  
13 TJW (closed); Traffic Information, LLC v. Alpine Electronics of  
14 America, Inc. et al., 08-7-TJW-CE (closed); Traffic Information, LLC  
15 v. AT & T Mobility LLC et al. 09-83-TJW-CE (pending), Traffic  
16 Information LLC v. HTC USA, Inc. et al., 08-404-TJW (pending); and  
17 Traffic Information LLC v. Sony Electronics Inc. et al. 09-191-TJW-  
18 CE. See Russell Declaration ¶ 3.

19 The test for justiciability, as articulated by the Federal  
20 Circuit in SanDisk and Teva, is that the patentee take a position  
21 that puts the alleged infringer in the dilemma of risking a lawsuit  
22 or abandoning its product, and that the dispute be "definite and  
23 concrete, touching the legal relations of parties having adverse  
24 legal interests," and that it be "real and substantial and admi[t]  
25 of specific relief through a decree of a conclusive character." All  
26 these requirements are met here. When the statement made to T-Mobile  
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1 about GMM is put in the context of Traffic's aggressive patent  
2 enforcement in Texas, it becomes a "definite and concrete" action  
3 that touches upon the legal relations of parties--Google and  
4 Traffic-- having adverse legal interests, and a declaration of  
5 infringement or noninfringement would not be an opinion "advising  
6 what the law would be upon a hypothetical set of facts."

7 I recommend that the motion to dismiss be denied.

8 2. Traffic's alternative motion to transfer

9 Pursuant to 28 U.S.C. § 1404, courts have discretion to  
10 transfer an action when another venue would serve the convenience  
11 of the parties and witnesses and the interests of justice. Jones v.  
12 GNC Franchising, Inc., 211 F.3d 495, 498 (9<sup>th</sup> Cir. 2000). The  
13 statute requires that the proposed transferee district be one where  
14 the action "might have been brought," and that the transfer be for  
15 the "convenience of parties and witnesses" and "in the interest of  
16 justice." 28 U.S.C. § 1404(a). The parties do not dispute that this  
17 action might have been brought in the Eastern District of Texas. The  
18 question to be considered, therefore, is whether a transfer would  
19 serve the convenience of parties and witnesses and be in the  
20 interest of justice.

21 When deciding whether to transfer a case, the court must  
22 "balance the preference accorded the plaintiff's choice of forum  
23 with the burden of litigating in an inconvenient forum." Gherebi v.  
24 Bush, 352 F.3d 1278, 1302 (9<sup>th</sup> Cir. 2003). The defendant must "make  
25 a strong showing of inconvenience to warrant upsetting the  
26 plaintiff's choice of forum." Id. See also Telephone Management



1 Corp. v. The Goodyear Tire & Rubber Co., 5 F. Supp. 2d 896 (D. Or.  
2 1998).

3 The court must consider both private and public interest  
4 factors affecting the convenience of the forum. Private factors  
5 include the relative ease of access to sources of proof,  
6 availability of compulsory process for attendance of unwilling  
7 witnesses, the cost of obtaining attendance of willing witnesses,  
8 the possibility of a premises view, and "all other practical  
9 problems that make the trial of a case easy, expeditious and  
10 inexpensive." Gulf Oil v. Gilbert, 330 U.S. 501, 508 (1947). Public  
11 factors include the administrative difficulties arising from court  
12 congestion, the interest in having localized controversies decided  
13 locally, the court's familiarity with the applicable law, avoidance  
14 of unnecessary conflict of law problems, and the unfairness of  
15 burdening citizens in an unrelated forum with jury duty. Piper  
16 Aircraft Co. v. Reyno, 454 U.S. 235, 241 n. 6 (1981).

17 Traffic argues that the decisive factor is the presence in the  
18 Eastern District of Texas of several other lawsuits involving the  
19 Traffic Patents. Traffic's argument is that 1) the "interest of  
20 justice" factor can outweigh all the others in some circumstances,  
21 citing United States ex rel. Swan v. Covenant Care, Inc., 1999 WL  
22 760610 (N.D. Cal. Sept. 21, 1999); 2) the Eastern District of Texas  
23 is already familiar with the patents at issue, citing Allen v.  
24 Scribner, 812 F.2d 426, 436-37 (9<sup>th</sup> Cir. 1987) (affirming *denial* of  
25 motion to transfer in view of court's "familiarity with the case  
26 after three and one half years"); and therefore 3) the existence of

1 the other actions in Texas should be the "paramount consideration,"  
2 citing In re Volkswagen of Am., Inc., 566 F.3d 1349, 1351 (Fed. Cir.  
3 2009) ("existence of multiple lawsuits involving the same issues is  
4 a paramount consideration when determining whether a transfer is in  
5 the interest of justice").

6 Traffic contends that other factors listed in § 1404(a) also  
7 favor transfer; judicial economy is served by trying the case in a  
8 court already familiar with the issues, and with a less congested  
9 docket than the District of Oregon, and the convenience of witnesses  
10 and parties is served because Traffic is a Texas company conducting  
11 its primary business in Marshall, Texas, and Google has litigated  
12 other patent cases in the Eastern District of Texas.<sup>2</sup> Traffic  
13 acknowledges that ordinarily, courts give "great weight" to a  
14 plaintiff's choice of forum, but argues that in this instance,  
15 Google's choice is entitled only to minimal weight because of the  
16 extent of Traffic and Google's contacts with the Eastern District  
17 of Texas. Traffic cites Inherent.com v. Martindale-Hubbell,  
18 Lexis/Nexis Inc., 420 F. Supp.2d 1093, 1100 (N.D. Cal. 2006) ("the  
19 degree to which courts defer to the plaintiff's chosen venue is  
20 substantially reduced when the plaintiff's choice is not its  
21 residence or where the forum lacks a significant connection to the  
22 activities alleged in the complaint.") Traffic notes that Google  
23 does not have its headquarters in Oregon, and that the only  
24 connection to the District of Oregon is the presence of two

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26 <sup>2</sup>See Marshall Declaration Exhibit 3 (listing 53 cases in the  
27 Eastern District of Texas in which Google is or has been a party  
between 2003 and 2009).

1 inventors of the Traffic Patents in Oregon. Traffic gives the latter  
2 circumstance little weight because the action is not against the  
3 inventors personally. And finally, Traffic argues that litigation  
4 costs will be lower if the case is transferred because only one  
5 court will construe the terms of the patents. Traffic also points  
6 out that relative congestion of this court and the Eastern District  
7 of Texas supports transfer, citing statistics showing lower  
8 caseloads per judge in Texas and an average of six months longer  
9 getting to trial in Oregon.

10 Google argues that its choice of forum is entitled to  
11 deference, despite being a non-resident of Oregon, when the  
12 defendant is located in the forum state and most of the events  
13 relevant to the case took place there. Google cites Home Indem. Co.  
14 v. Stimson Lumber Co., 229 F. Supp.2d 1075, 1085-86 (D. Or. 2001).  
15 Google asserts that the District of Oregon was chosen because it is  
16 the forum most convenient to Google, and also to Traffic's  
17 principals, who are the inventors of the Traffic Patents, and the  
18 attorney who prosecuted the applications for the Traffic Patents.

19 Google asserts that private factors also weigh against  
20 transfer, because 1) development of Google's accused product, GMM,  
21 took place in Northern California and Washington; 2) GMM is operated  
22 from Northern California and Washington; 3) inventors of the Traffic  
23 Patents reside in Oregon and the invention that became the Traffic  
24 Patents was likely conceived and reduced to practice in Oregon  
25 and/or Washington; and 4) the Traffic Patents were prosecuted from  
26 Oregon.

1       Consequently, Google argues, the documents and physical  
2 evidence relevant to both GMM and the Traffic Patents are much  
3 closer to Oregon than to Texas. Google cites a Western District of  
4 Washington case:

5       [I]n patent infringement cases, it is well-recognized that the  
6 preferred forum is "that which is the center of gravity of the  
7 accused activity." Amazon.com v. Cedant Corp., 404 F. Supp.2d  
8 1256, 1260 (W.D. Wash. 2005)... The district court ought to be  
9 as close as possible to the milieu of the infringing device  
10 and the hub of activity centered around its production. [internal  
11 quotation and citation omitted] Additionally, a  
12 court should consider the location of the product's  
13 development, testing, research and production. [internal  
14 quotation and citation omitted] Also relevant is the place  
15 where the marketing and sales decisions occurred, not just the  
16 location of any particular sales activity.

17 Data Retrieval Technology, LLC v. Sybase, Inc., 2009 WL 960681 (W.D.  
18 Wash. April 8, 2009) at \*3.

19       Google asserts that Oregon is the "hub of activity" because its  
20 own documents relating to the development of GMM are located in  
21 Northern California and Washington, and access to Google's source  
22 code is only available in Northern California or Washington, citing  
23 Tse v. Apple Computer, Inc., 2006 WL 2583608 at \*3 (hub of activity  
24 is where accused software and products were designed and produced;  
25 location of source code, technical specifications, schematics, and  
26 technical operations documentation also relevant to hub of  
27 activity). Google points out that the documentation relating to the  
28 Traffic Patents is likely located in this District because the  
attorney who prosecuted the applications leading to the Traffic  
Patents is located in Portland.

      Google argues that the availability of compulsory process also  
favors this forum, Traffic does not deny that two witnesses it has

1 identified, inventors and principals Kevin Russell and Bruce DeKock,  
2 reside in Oregon.<sup>3</sup> On Google's side, the individuals who created,  
3 developed and support the GMM product are located in Northern  
4 California and Washington. Google contends that Traffic has not  
5 identified a single non-party witness residing or working within the  
6 Eastern District of Texas's subpoena power.

7 Google argues that despite Traffic's representation that  
8 Russell and DeKock would be "willing" to travel to the Eastern  
9 District of Texas, it has not represented that a third inventor of  
10 the Traffic Patents, Qian, would also be willing.

11 Google dismisses Traffic's argument that the Eastern District  
12 docket is less congested:

13 [W]hile the Eastern District of Virginia may dispose of cases  
14 more quickly than the District of Oregon, Oregon's docket is  
15 relatively fast compared with other districts and the schedule  
16 set for this case anticipates a trial within twelve months of  
filing the case. The difference in time between the two  
districts is not enough to warrant upsetting plaintiff's  
choice of forum or to disregard the first to file rule.

17 CollegeNET, Inc. v. Apply Yourself, Inc., 2002 WL 33962845 at \*5 (D.  
18 Or. July 26, 2002). Google points out that the court has issued a  
19 scheduling order in this case, while no scheduling order has issued  
20 in the non-Google Eastern District of Texas cases.<sup>4</sup>

21 And finally, Google disputes Traffic's contention that the  
22 Eastern District's accumulated knowledge of the patents at issue and

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24 <sup>3</sup> The residence of a third inventor, Richard Qian, is not  
revealed in the record before the court.

25 <sup>4</sup> I note that the Eastern District of Texas has seven  
26 district judges, no active senior district judges, and seven  
27 magistrate judges. The District of Oregon has six district  
judges, four active senior judges, and six magistrate judges.

1 the parties in the other pending cases generates enough judicial  
2 efficiency to require the court to transfer, arguing that Traffic's  
3 analysis ignores the fact that these various lawsuits involve  
4 separate and unrelated parties, and, other than one of several  
5 allegedly infringing products distributed by T-Mobile, products that  
6 are separate from and unrelated to the product accused in this case.  
7 Google argues that the central issue--whether the accused product  
8 is infringing Traffic's patents--is likely to be unique with regard  
9 to each of the lawsuits.

10 I recommend that Traffic's motion to transfer this case to the  
11 Eastern District of Texas be denied. Because at least two of the  
12 Traffic Patents' inventors and Traffic principals are situated in  
13 Oregon, the attorney who prosecuted the Traffic Patents is in  
14 Oregon, GMM is operated from Northern California and Washington, and  
15 relevant source code for GMM is available in Northern California or  
16 Washington, I am persuaded that this court is closer to the milieu  
17 of GMM, the allegedly infringing device, and to the activity  
18 centered around the production of both GMM and the Traffic Patents,  
19 than the Eastern District of Texas. I am not persuaded that the  
20 presence of other patent litigation initiated by Traffic in the  
21 Eastern District of Texas, or Google's presence as a party in other  
22 cases in the Eastern District of Texas, trumps Google's effort to  
23 locate this case in a district closer to the hub of activity  
24 pertinent to this case and to key witnesses.

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**Conclusion**

I recommend that Traffic's motion to dismiss and the alternative motion to transfer to the Eastern District of Texas (doc. # 8) be DENIED.

**Scheduling Order**

These Findings and Recommendation will be referred to a district judge. Objections, if any, are due February 22, 2010. If no objections are filed, then the Findings and Recommendation will go under advisement on that date. If objections are filed, then a response is due March 11, 2010. When the response is due or filed, whichever date is earlier, the Findings and Recommendation will go under advisement.

Dated this 2<sup>nd</sup> day of February, 2010.

/S/ Dennis James Hubel

Dennis James Hubel  
United States Magistrate Judge